



STRATEGIC ENERGY RESOURCES LIMITED  
ACN 051 212 429

31 July 2017

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South Melbourne VIC 3205

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## Quarterly Report to 30 June 2017

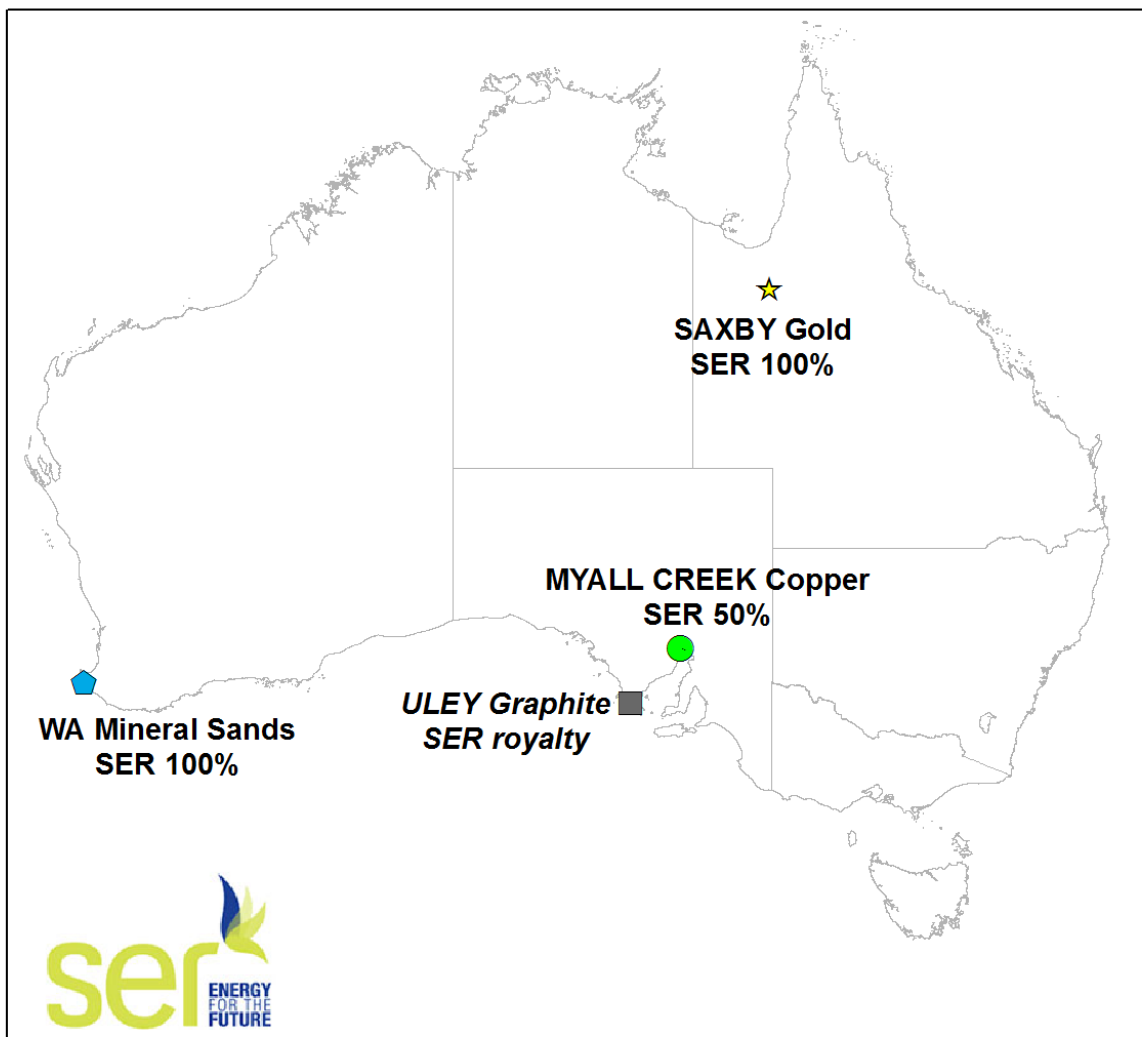


Figure 1: SER Exploration Projects

*Strategic Energy Resources Limited (ASX Code: SER) is a diversified mineral exploration company and major shareholder of Ionic Industries Ltd and Valence Industries Ltd*

# **CORPORATE AND INVESTMENTS**

## **CAPITAL RAISING**

During the quarter, SER commenced a capital raising by way of placement. A General Meeting of Shareholders to approve the capital raising was held subsequent to the quarter on 27 July 2017 with all resolutions passed. The capital raising will be completed in the near future. SER chose not to proceed with the proposed Share Purchase Plan Offer as announced on 6 June 2017 after a consideration of the costs involved.

## **IONIC INDUSTRIES UPDATE (SER 16%)**

During the quarter, Ionic Industries Ltd (Ionic) conducted a capital raising by way of rights issue to shareholders. Nearly 450 investors took up their rights or subscribed for new shares under the general offer, raising a total of \$730,000. The amount raised will cover all existing obligations and all committed research expenditure for the next 12 months. Ionic is now in the process of selling the shortfall from the rights issue to raise up to a further \$2 million. The company is working with respected boutique Melbourne firm, Beer and Co to support this phase of capital raising, which will last until mid-September 2017.

Ionic's work on supercapacitors has received significant media attention lately including in The Australian newspaper on 24 July 2017.

On Ionic's research programs:

- Work continues on water and waste water treatment with a focus on exploring up-scaled production methods and driving down costs of the final products
- On graphene supercapacitors, Ionic is focused on integrating supercapacitor manufacturing with roll-to-roll membrane production capabilities, ensuring that the supercapacitors can be mass-produced, not just lab-scale science experiments. The company is also exploring possibilities for partnering with industry-leading companies to introduce this technology into real products.
- On graphene oxide production, Ionic has been working with its partner Laminar to confirm the effectiveness of GO manufacturing processes with different equipment configurations. This will ensure that Ionic can deliver the most efficient GO production for customers.

## **REQUISITION OF THE BOARD OF QUANTUM GRAPHITE (SER 11%)**

On 5 July 2017, SER as a substantial shareholder of Quantum Graphite Limited (ASX: QGL) (formerly Valence Industries Limited), gave notice under s249D of the *Corporations Act 2001 (Cth)* to the Directors of QGL to requisition a general meeting of shareholders to occur within 2 months.

SER is seeking to remove two directors of QGL and replace them with SER's nominated candidates. QGL has yet to call a general meeting of its shareholders. SER is continuing to progress this matter and will provide shareholders with further updates in due course.

# MINERAL EXPLORATION

## HEAVY MINERAL SANDS EXPLORATION WESTERN AUSTRALIA (SER 100%)

Following the announcement of a maiden JORC 2012 Inferred Mineral Resource Estimate at Ambergate last quarter, SER has commenced work towards defining resources at our other WA heavy mineral sands projects. This is in accordance with our strategy of building a heavy mineral sands resource base during what we consider to be an exciting growth period for mineral sands demand.

Research of historic reports has revealed over 600 drillholes totalling approximately 15,000m within the Metricup Project Area. SER has digitised and compiled this data into a drilling database for analysis.

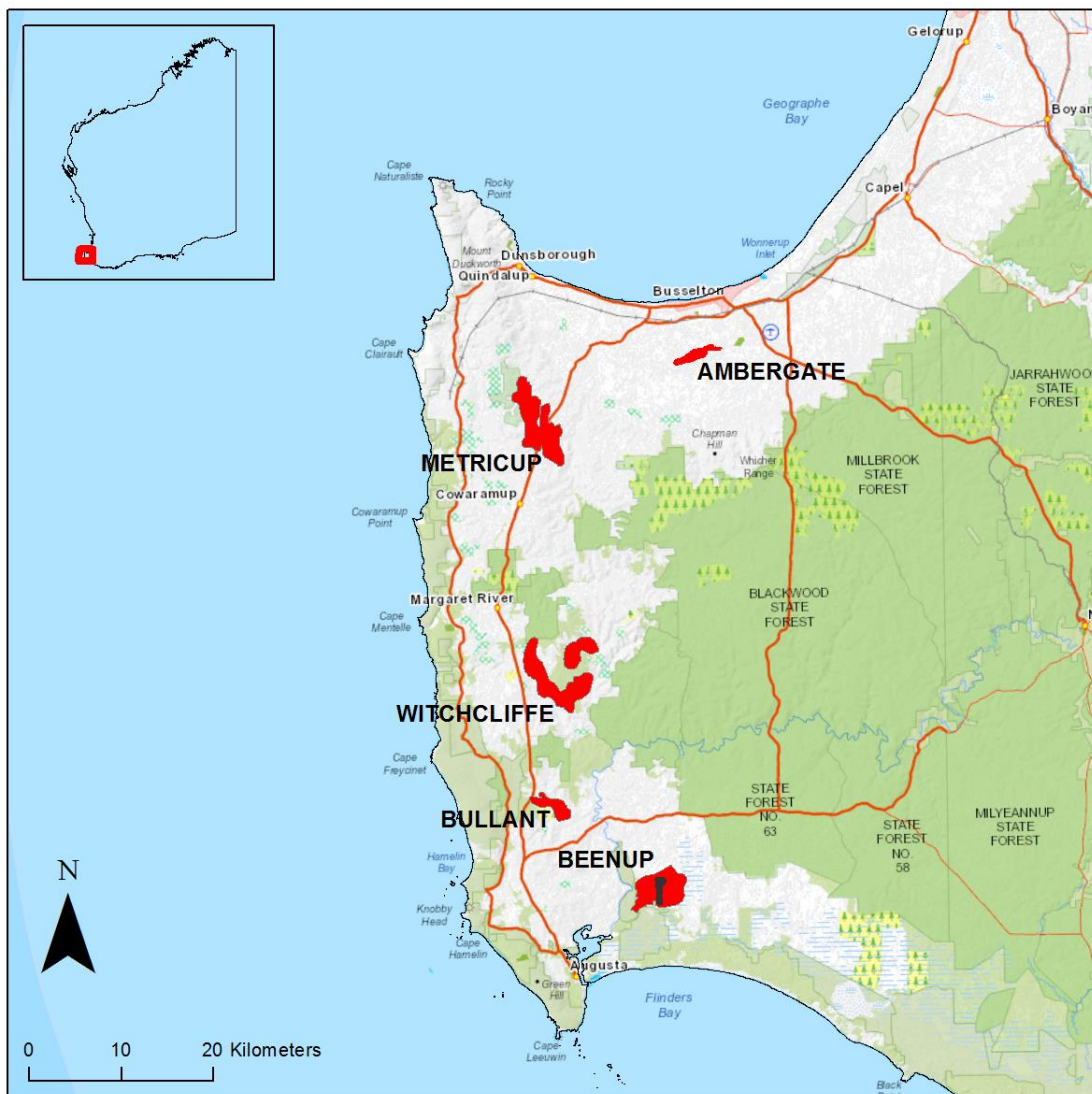


Figure 2: SER's Western Australia Heavy Mineral Sands projects

# SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

During the quarter, SER continued preparation for drilling at our 100% Saxby Gold Project in northwest Queensland where historic drilling includes high grade zones of 9m @ 11.27g/t Au and 8m @ 15.1 g/t Au.

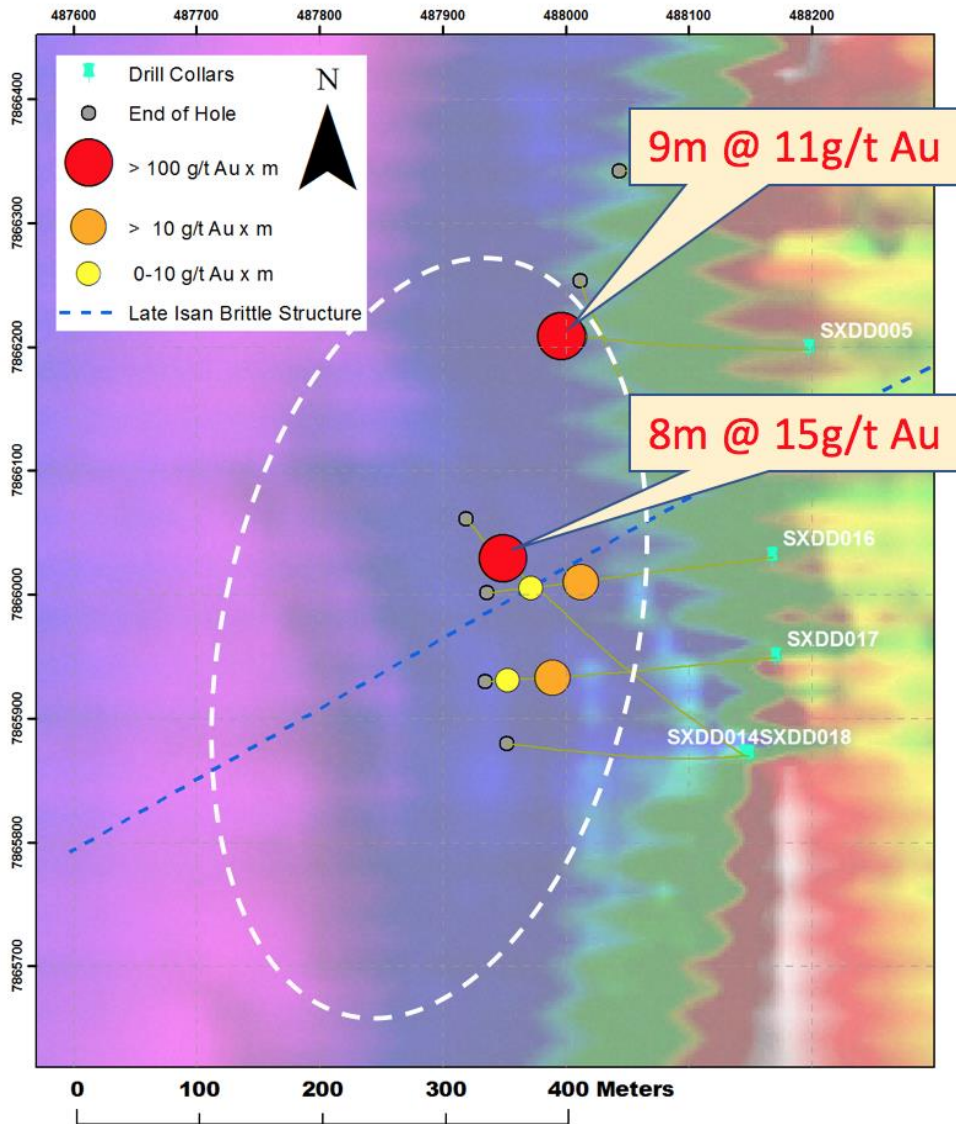


Figure 3: Previous drilling at Saxby over Magnetics with gold intercepts and SER focus area (white dashed)

## JOINT VENTURE WITHDRAWALS

During the quarter, SER withdrew from the Falconbridge and Casterton Joint Ventures in order to focus funding and effort on our highest priority projects.

SER is also currently evaluating new mineral exploration opportunities.

## INTERESTS IN MINING TENEMENTS

<b>Mining Tenement</b>	<b>Location</b>	<b>Beneficial Percentage held</b>	<b>Interest acquired/farm-in or disposed/farm-out during the quarter</b>
EL 5010	South Australia	75%	-
EL 5011	South Australia	50%	-
EL 5898	South Australia	100%	-
E38/1970	Western Australia	0%	SER withdrew from JV
EL 5040	Victoria	0%	SER withdrew from JV
EPM15398	Queensland	100%	-
EPM26420	Queensland		N/A Application only
E70/4793	Western Australia	100%	-
E70/4797	Western Australia	100%	-
E70/4799	Western Australia	100%	-
E70/4805	Western Australia	100%	-
E70/4807	Western Australia	100%	-
E70/4874	Western Australia	100%	-

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

### ABN

14 051 212 429

### Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(58)	(323)
(b) development	-	-
(c) production	-	-
(d) staff costs	(55)	(177)
(e) administration and corporate costs	(82)	(235)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(195)</b>	<b>(731)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other Exploration and Evaluation	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	264	264
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>264</b>	<b>264</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	105	641
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(195)	(731)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	264	264
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>174</b>	<b>174</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	174	105
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>174</b>	<b>105</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	106
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director's fees and consulting fees paid during the June 2017 quarter.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A



## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

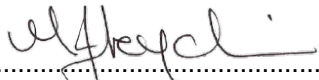
<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	90
9.2 Development	-
9.3 Production	-
9.4 Staff costs	30
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>170*</b>

\* The company has received shareholder approval at a general meeting held on 27 July 2017 to issue up to 380,000,000 shares at \$0.005 (0.5 cents) per share to raise up to \$1.9 million (before costs). Completion is expected to occur in August 2017.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E38/1970 (WA)	SER withdrew from the Joint Venture	95%	-
	EL 5040 (Vic)	SER withdrew from the Joint Venture	5%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  ..... Date: 31 July 2017  
(Company secretary)

Print name: Melanie Leydin

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.